



APR 0 1 2014

Seth Hunter Hunter Edison Oil Development/Vaquero Energy, Inc. 15545 Hermosa Road Bakersfield, CA 93307

J

RE Notice of Final Action - Authority to Construct Facility Number S-1329 & S-1509 Project Number S-1140115 & S-1134768

Dear Mr Hunter

The Air Pollution Control Officer has issued the Authority to Construct permits to Hunter Edison Oil Development/Vaquero Energy, Inc. for installing two 1600 BBL fixed roof crude oil storage tanks and reducing the throughput of tank S-1509-1, at the Common lease within the Kern County Heavy Oil Central stationary source (Section 13, Township 30S, Range 29E) Enclosed are the Authority to Construct permits and a copy of the notice of final action to be published approximately three days from the date of this letter

Notice of the District's preliminary decision to issue the Authority to Construct permits was published on February 10, 2014 The District's analysis of the proposal was also sent to CARB on February 5, 2014 No comments were received following the District's preliminary decision on this project

Thank you for your cooperation in this matter If you have any questions, please contact Mr Leonard Scandura at (661) 392-5500

Sincerely,

David Warner

Director of Permit Services

DW SDD/st

Enclosures

CC Mike Tollstrup, CARB (w/enclosuse) en anali

Executive Director/Air Pollution Control Officer





AUTHORITY TO CONSTRUCT

PERMIT NO S-1509-27-1

ISSUANCE DATE 03/26/2014

LEGAL OWNER OR OPERATOR
MAILING ADDRESS

VAQUERO ENERGY INC P O BOX 13550

BAKERSFIELD CA 93389

LOCATION

HEAVY OIL CENTRAL KERN COUNTY CA

SECTION 01 TOWNSHIP 30S RANGE 28E

EQUIPMENT DESCRIPTION

MODIFICATION OF 500 BBL FIXED ROOF CRUDE OIL PRODUCTION TANK (STOCK TANK) WITH PRESSURE RELIEF VALVE (LV SMITH LEASE) REDUCE THROUGHPUT TO 785 BBLS

CONDITIONS

- Permittee's crude oil production shall average less than 6,000 bbl/day from all operations within Kern County and permittee shall not engage in refining, transporting, or marketing of refined petroleum products [District Rule 4623]
- 2 No air contaminant shall be released into the atmosphere which causes a public nuisance [District Rule 4102]
- No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than Ringelmann 1 or 20% opacity [District Rule 4101]
- 4 The tank shall be equipped with a fixed roof with no holes or openings [District Rule 2201]
- 5 VOC emission rate from the tank shall not exceed 40 3 lb/day [District Rule 2201]
- This tank shall only store place or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions [District Rule 4623]
- 7 Daily average tank oil throughput shall not exceed 785 barrels per day [District Rule 2201]
- This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank, permanently labeled with the operating pressure settings, properly maintained in good operating order in accordance with the manufacturer's instructions [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (661) 392 5500 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans specifications and conditions of this Authority to Construct and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin Executive Director / APCO

PAVID WARNER Director of Permit Services

- Operator shall visually inspect tank shell hatches seals seams cable seals, valves flanges connectors, and any other piping components directly affixed to the tank and within five feet of the tank at least once per year for liquid leaks, and with a portable hydrocarbon detection instrument conducted in accordance with EPA Method 21 for gas leaks Operator shall also visually or ultrasonically inspect as appropriate the external shells and roofs of uninsulated tanks for structural integrity annually [District Rule 2080]
- 10 Upon detection of a liquid leak, defined as a leak rate of greater than or equal to 30 drops per minute, operator shall repair the leak within 8 hours. For leaks with a liquid leak rate of between 3 and 30 drops per minute the leaking component shall be repaired within 24 hours after detection. [District Rule 2080]
- Upon detection of a gas leak, defined as a VOC concentration of greater than 10,000 ppmv measured in accordance with EPA Method 21, operator shall take one of the following actions 1) eliminate the leak within 8 hours after detection or 2) if the leak cannot be eliminated, then minimize the leak to the lowest possible level within 8 hours after detection by using best maintenance practices, and eliminate the leak within 48 hours after minimization. In no event shall the total time to minimize and eliminate a leak exceed 56 hours after detection [District Rule 2080]
- 12 Components found to be leaking either liquids or gases shall be immediately affixed with a tag showing the component to be leaking. Operator shall maintain records of the liquid or gas leak detection readings, date/time the leak was discovered, and date/time the component was repaired to a leak-free condition. [District Rule 2080]
- Leaking components that have been discovered by the operator that have been immediately tagged and repaired within the timeframes specified in District Rule 4623. Table 3 shall not constitute a violation of this rule. Leaking components as defined by District Rule 4623 discovered by District staff that were not previously identified and/or tagged by the operator, and/or any leaks that were not repaired within the timeframes specified in District Rule 4623. Table 3 shall constitute a violation of this rule. [District Rule 2080]
- If a component type for a given tank is found to leak during an annual inspection, operator shall conduct quarterly inspections of that component type on the tank or tank system for four consecutive quarters. If no components are found to leak after four consecutive quarters the operator may revert to annual inspections. [District Rule 2080]
- Any component found to be leaking on two consecutive annual inspections is in violation of this rule even if covered under the voluntary inspection and maintenance program [District Rule 2080]
- Permittee shall notify the APCO in writing at least three (3) days prior to performing tank degassing and interior tank cleaning activities. Written notification shall include the following:

 1) the Permit to Operate number and physical location of the tank being degassed, 2) the date and time that tank degassing and cleaning activities will begin:

 3) the degassing method as allowed in this permit, to be used, 4) the method to be used to clean the tank including any solvents to be used, and 5) the method to be used to dispose of any removed sludge, including methods that will be used to control emissions from the receiving vessel and emissions during transport. [District Rule 2080]
- 17 This tank shall not be required to de gas before commencing cleaning activities. All other applicable requirements shall be complied with before during and after tank cleaning activities. [District Rule 2080]
- While performing tank cleaning activities, operators may only use the following cleaning agents—diesel solvents with an initial boiling point of greater than 302 degrees F—solvents with a vapor pressure of less than 0.5 psia, or solvents with 50 grams of VOC per liter or less [District Rule 2080]
- 19 Steam cleaning shall only be allowed at locations where wastewater treatment facilities are limited or during the months of December through March [District Rule 2080]
- Permittee shall conduct true vapor pressure (TVP) testing of the organic liquid stored in this tank at least once every 24 months during summer (July September) and/or whenever there is a change in the source or type of organic liquid stored in this tank in order to maintain exemption from the rule [District Rule 4623]
- The TVP testing shall be conducted at actual storage temperature of the organic liquid in the tank. The permittee shall also conduct an API gravity testing [District Rule 4623]
- For crude oil with an API gravity of 26 degrees or less, the TVP shall be determined using the latest version of the Lawrence Berkeley National Laboratory "test Method for Vapor pressure of Reactive Organic Compounds in Heavy Crude Oil Using Gas Chromatograph", as approved by ARB and EPA [District Rule 4623]

- The API gravity of crude oil or petroleum distillate shall be determined by using ASTM Method D 287 e1 'Standard Test Method for API Gravity of Crude Petroleum and Petroleum Products (Hydrometer Method) Sampling for API gravity shall be performed in accordance with ASTM Method D 4057 "Standard Practices for Manual Sampling of Petroleum and Petroleum Products" [District Rule 4623]
- Permittee shall submit the records of TVP and API gravity testing to the APCO within 45 days after the date of testing The records shall include the tank identification number, Permit to Operate number, type of stored organic liquid TVP and API gravity of the organic liquid, test methods used, and a copy of the test results [District Rule 4623]
- The permittee shall keep accurate records of each organic liquid stored in the tank, including its storage temperature, TVP, and API gravity [District Rule 4623]
- All records required to be maintained by this permit shall be maintained for a period of at least five years and shall be made readily available for District inspection upon request [District Rule 4623]
- 27 NOTE Facilities #S 1329 and #S 1509 are both included in the same Heavy Oil Central stationary source [District Rule 2201]
- 28 This ATC shall be implemented prior to or concurrent with ATCs S 1329 35 0 and ' 36 0 [District Rule 2201]





AUTHORITY TO CONSTRUCT

PERMIT NO S-1329-35-0

ISSUANCE DATE 03/26/2014

LEGAL OWNER OR OPERATOR

HUNTER EDISON OIL DEVELOPMENT

MAILING ADDRESS

C/O VAQUERO ENERGY P O BOX 13550

BAKERSFIELD CA 93389

LOCATION

HEAVY OIL CENTRAL

CA

SECTION 13 TOWNSHIP 30S RANGE 29E

EQUIPMENT DESCRIPTION

1600 BBL CRUDE OIL STORAGE TANK (COMMON LEASE) WITH PV VALVE

CONDITIONS

- Permittee's crude oil production shall average less than 6 000 bbl/day from all operations within Kern County and permittee shall not engage in refining transporting or marketing of refined petroleum products [District Rule 4623]
- 2 VOC emission rate from the tank shall not exceed 5 8 lb/day [District Rule 2201]
- 3 Crude oil throughput shall not exceed 50 barrels per day based on a monthly average [District Rule 2201 and 4623]
- This tank shall only store, place or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions [District Rule 2201]
- 5 The tank shall be equipped with a fixed roof with no holes or openings [District Rule 2201]
- This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank, permanently labeled with the operating pressure settings, properly maintained in good operating order in accordance with the manufacturer's instructions [District Rule 2201]
- Operator shall visually inspect tank shell, hatches, seals, seams, cable seals, valves flanges connectors, and any other piping components directly affixed to the tank and within five feet of the tank at least once per year for liquid leaks and with a portable hydrocarbon detection instrument conducted in accordance with EPA Method 21 for gas leaks Operator shall also visually or ultrasonically inspect as appropriate the external shells and roofs of uninsulated tanks for structural integrity annually [District Rule 2080]

CONDITIONS CONTINUE ON NEXT PAGE

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Seyed Sadredin Executive Director / APCO

DAVID WARNER Director of Permit Services

- Upon detection of a liquid leak defined as a leak rate of greater than or equal to 30 drops per minute, operator shall repair the leak within 8 hours. For leaks with a liquid leak rate of between 3 and 30 drops per minute the leaking component shall be repaired within 24 hours after detection. [District Rule 2080]
- 9 Upon detection of a gas leak, defined as a VOC concentration of greater than 10 000 ppmv measured in accordance with EPA Method 21 operator shall take one of the following actions 1) eliminate the leak within 8 hours after detection, or 2) if the leak cannot be eliminated then minimize the leak to the lowest possible level within 8 hours after detection by using best maintenance practices and eliminate the leak within 48 hours after minimization. In no event shall the total time to minimize and eliminate a leak exceed 56 hours after detection [District Rule 2080]
- Components found to be leaking either liquids or gases shall be immediately affixed with a tag showing the component to be leaking. Operator shall maintain records of the liquid or gas leak detection readings, date/time the leak was discovered, and date/time the component was repaired to a leak-free condition. [District Rule 2080]
- Leaking components that have been discovered by the operator that have been immediately tagged and repaired within the timeframes specified in District Rule 4623, Table 3 shall not constitute a violation of this rule. Leaking components as defined by District Rule 4623 discovered by District staff that were not previously identified and/or tagged by the operator, and/or any leaks that were not repaired within the timeframes specified in District Rule 4623, Table 3 shall constitute a violation of this rule. [District Rule 2080]
- 12 If a component type for a given tank is found to leak during an annual inspection operator shall conduct quarterly inspections of that component type on the tank or tank system for four consecutive quarters. If no components are found to leak after four consecutive quarters, the operator may revert to annual inspections [District Rule 2080]
- Any component found to be leaking on two consecutive annual inspections is in violation of this rule even if covered under the voluntary inspection and maintenance program [District Rule 2080]
- Permittee shall notify the APCO in writing at least three (3) days prior to performing tank degassing and interior tank cleaning activities. Written notification shall include the following:

 1) the Permit to Operate number and physical location of the tank being degassed:

 2) the date and time that tank degassing and cleaning activities will begin:

 3) the degassing method, as allowed in this permit to be used:

 4) the method to be used to clean the tank, including any solvents to be used and 5) the method to be used to dispose of any removed sludge:

 Including methods that will be used to control emissions from the receiving vessel and emissions during transport.

 [District Rule 2080]
- 15 This tank shall not be required to de gas before commencing cleaning activities All other applicable requirements shall be complied with before, during, and after tank cleaning activities [District Rule 2080]
- While performing tank cleaning activities, operators may only use the following cleaning agents—diesel, solvents with an initial boiling point of greater than 302 degrees F solvents with a vapor pressure of less than 0.5 psia or solvents with 50 grams of VOC per liter or less [District Rule 2080]
- 17 Steam cleaning shall only be allowed at locations where wastewater treatment facilities are limited or during the months of December through March [District Rule 2080]
- 18 Permittee shall conduct true vapor pressure (TVP) testing of the organic liquid stored in this tank upon initial start up at least once every 24 months during summer (July September), and/or whenever there is a change in the source or type of organic liquid stored in this tank in order to maintain exemption from the rule [District Rule 2201]
- 19 The permittee shall conduct an API gravity testing upon initial star-up [District Rule 2201]
- 20 The TVP testing shall be conducted at actual storage temperature of the organic liquid in the tank [District Rule 2201]
- For crude oil with an API gravity of 26 degrees or less the TVP shall be determined using the latest version of the Lawrence Berkeley National Laboratory "Test Method for Vapor pressure of Reactive Organic Compounds in Heavy Crude Oil Using Gas Chromatograph", as approved by ARB and EPA [District Rule 2201]
- The API gravity of crude oil or petroleum distillate shall be determined by using ASIM Method D 287 el "Standard Test Method for API Gravity of Crude Petroleum and Petroleum Products (Hydrometer Method) Sampling for API gravity shall be performed in accordance with ASTM Method D 4057 "Standard Practices for Manual Sampling of Petroleum and Petroleum Products" [District Rule 2201]

Conditions for S-1329-35 0 (continued)

- Permittee shall maintain monthly records of average daily crude oil throughput and shall keep accurate records of each organic liquid stored in the tank including its storage temperature TVP, and API gravity [District Rules 2201 and 4623]
- 24 Monthly records of average daily crude oil throughput shall be submitted to the APCO 30 days prior to the expiration date indicated in the Permit to Operate [District Rules 2201 and 4623]
- All records required to be maintained by this permit shall be maintained for a period of at least five years and shall be made readily available for District inspection upon request [District Rule 2201]
- 26 ATC S-1509-27 1 shall be implemented prior to or concurrent with this ATC [District Rule 2201]





AUTHORITY TO CONSTRUCT

PERMIT NO S-1329-36 0

ISSUANCE DATE 03/26/2014

LEGAL OWNER OR OPERATOR

HUNTER EDISON OIL DEVELOPMENT

MAILING ADDRESS C/O

C/O VAQUERO ENERGY

P O BOX 13550

BAKERSFIELD CA 93389

LOCATION

HEAVY OIL CENTRAL

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- 2 VOC emission rate from the tank shall not exceed 5 8 lb/day [District Rule 2201]
- 3 Crude oil throughput shall not exceed 50 barrels per day based on a monthly average [District Rule 2201 and 4623]
- This tank shall only store, place or hold organic liquid with a true vapor pressure (TVP) of less than 0.5 psia under all storage conditions [District Rule 2201]
- 5 The tank shall be equipped with a fixed roof with no holes or openings [District Rule 2201]
- This tank shall be equipped with a pressure-vacuum (PV) relief valve set to within 10% of the maximum allowable working pressure of the tank permanently labeled with the operating pressure settings properly maintained in good operating order in accordance with the manufacturer's instructions [District Rule 2201]
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